

Meeting: Schools Forum
Date: 15 September 2014
Subject: Dedicated Schools Grant (DSG)
Report of: Deputy Chief Executive and Director of Children's Services
Summary: To note the 2014/15 DSG allocation and Growth Fund for 2014/15. To note the 2015/16 funding arrangements.

Contact Officer: Dawn Hill, Priory House, Shefford

Public/Exempt: Public

Wards Affected: All

Function of: Council

Reason for urgency
(if appropriate)

RECOMMENDATIONS:

- 1. To note and comment on the update to 2014/15 DSG allocations.**
- 2. To note and comment on the update to 2014/15 Growth Fund.**
- 3. To note and comment on the 2015/16 funding arrangements.**

Background

1. Since the beginning of the financial year 2006/07 local authorities have received allocations of DSG to finance the Schools Budget in each authority. The full DSG received must be applied to the Schools Budget in each authority; although authorities may provide additional resources in support of the Schools Budget should they decide to do so. From 2013/14 the Dedicated School Grant is split into three notional blocks; Early Years, High Needs and Schools.
2. The School and Early Years Finance (England) Regulations 2013 define the local authority education budgets (the non-schools education budget, the schools budget, the central expenditure and the individual schools budget) and set out how local authorities are to allocate funding from the individual schools budget (ISB) to maintained schools and private, voluntary and independent providers of free early years provision (relevant early years providers) through a locally determined formula.
3. The Regulations give effect to the decisions made to reform the school funding system through simplified local formulae, greater delegation to schools and new arrangements for funding pupils with high needs.
4. The Minimum Funding Guarantee (MFG) for schools has been set at negative 1.5% per pupil for 2013/14 and 2014/15. The calculation has been simplified compared with previous years and the Regulations set out the factors which are excluded from the calculation.

2014/15 DSG Budget Allocation

5. The distribution of the DSG for 2014/15 is based on the 'spend plus' methodology and is shown in three blocks (Early Years, Schools and High Needs).
6. The following table illustrates the DSG allocation for each block and additions. The School Block is based on October 2013 School census and the Early Years block has been updated for the January 2014 census.

Block		2014/15 (M)
Schools		145.670
Early Years		10.296
High Needs	Pre 16	21.530
	Post 16 non Schools	1.717
	Post 16 in Schools	1.139
	Place review	0.415
	Non Maintained Special Schools (NMSS)	0.011
2 Year Olds		2.480
NQT		0.053
Deduction for CRC		(0.263)
Total Indicative Allocation DSG		183.048

7. The Schools Block is based on a per pupil unit of funding of £4,144.47 multiplied by 35,148 pupils as reported on the October 2013 census.
8. The Early Years Block is based on a unit of funding of £3,979.80 multiplied by 2,587 full time equivalent number of pupil as reported on the January 2014 census. The Early Years block will be updated again in April 2015 for 7/12ths of the January 2015 pupil numbers to cover the period September 2014 to March 2015.
9. The High Needs Block is a single block for high needs pupils/students age 0- 24
10. The 2014/15 funding for early education places for 2 year olds from lower income Households is to fund Statutory Places (£2,218k) and 'trajectory building' (£262k) to create non-statutory places in preparation for the increased entitlement. Allocations have been calculated based on the estimated number of eligible 2 year olds likely to receive provision in the area, using Free School Meals data for 4 to 6 year olds as a proxy.
11. Funding for the cost of monitoring and quality assuring NQT induction is also included in the DSG.
12. As a result of state funded schools in England being withdrawn from participating in the CRC Energy Efficient Scheme a deduction is made to the DSG to compensate the Exchequer for the loss of revenue resulting from this change.

13. The following table represents the distribution of the 2014/15 DSG based on the Academy conversions as at August 2014 (48).

	DSG £'000	ISB Academies £'000	Revised DSG £'000	ISB Schools £'000	Central Spend	
					LA £'000	Academies £'000
Schools	145,513	80,949	64,564	63,000	1,564	
EY	12,759	0	12,759	9,145	2,706	908
High Needs	24,777	2,841	21,936	8,290	10,246	3,400
Total	183,049	83,790	99,259	80,435	14,516	4,308

14. The centrally retained DSG of £18.8M is further analysed in the table below.

Services	DSG £'000
Special Education Needs (Inc Post 16)	9,527
Academies Statements/Early Years	4,308
Two Year old Funding	2,480
Growth Fund	1,000
DSG Contribution to Central Overheads	719
School Admissions	260
School Contingency	105
Copyright Licences	142
Teachers Unions & Professional Associations	54
Early Years Contingency	226
School Forum	3
Total CE	18,824

Local Authority Assurance Statement

15. The Department has decided that it is no longer necessary to collect two assurance statements for the DSG. LAs will now only be required to submit an annual outturn statement, confirming that the DSG received by the authority was fully deployed in support of the schools budgets in accordance with the conditions of the grant and The School and Early Years Finance (England) Regulations 2013. However, the statement has now been expanded to include a Non Maintained Special School (NMSS) statement and Fraud cases reported in schools statement.
16. The NMSS statement requires confirmation that based on the LAs work in reviewing Individual Placement Agreements for high needs pupils/students within NMSS, nothing has come to their attention that causes them to believe that the learners reviewed were not correctly defined as high needs students.
17. The Fraud cases statement requires the confirmation of the number and value of fraud cases reported in schools and the number of those that have been investigated and where appropriate action taken.

Growth Fund 2014/15

18. The School and Early Years Finance (England) Regulations, Schedule 2, prescribes expenditure that may be deducted from the Schools budget before determining the Individual Schools Budget and held centrally. Growth Funding falls into this category and is for the purpose of expenditure due to significant growth in pupil numbers as a result of the LA's duty under section 13(1) of the 1996 Act to secure that efficient primary and secondary education are available to meet the needs of the population and in order to make provision for extra classes in order to comply with the School Admissions (Infant Class Sizes) Regulations 2012.
19. Local Authorities are required to produce criteria on which any growth funding is to be allocated, and set out the circumstances in which a payment could be made and a basis for calculating the sum. The School Forum regulations requires the agreement of the School Forum for both the central spend on and the criteria for allocating funds.
20. The following table sets out the expenditure to 31st August 2014.

	Budget £	Spend £	Balance £
2014/15 Allocation	1,000,000		
2013/14 C/F balance		(217,831)	
Growth Fund:			
Fairfield Park Lower		(68,990)	
Greenleas Lower		(131,029)	
Church End Lower		(84,003)	
Alameda Middle		(65,768)	
Etonbury Middle		(286,843)	
Redborne Upper		(164,600)	
Shefford Lower		(61,903)	
Russell Lower		(32,352)	
St Andrews Lower		(34,275)	
Roecrfot Lower		(75,942)	
Stratton Upper		(37,519)	
Holywell School		(24,165)	
Infant Class Size:		0	
Total Growth Fund	1,000,000	(1,285,220)	(285,220)

21. The revised School and Early Years Finance Regulations 2013 allows LAs to carry over any unspent money from the 2014/15 growth and infant class size funds to be used for the same purpose in 2015/16. The overspend for 2014/15 will be the first call on the 2015/16 allocation for Growth Fund.

Fair Schools Funding in 2015/16

22. On 13 March 2014 the DfE launched a consultation on Fair Schools Funding in 2015/16. The consultation set out the DfE's proposal to allocate an additional £350M in 2015/16 and increase the per pupil budgets for the least funded local authorities. The DfE confirmed that no local authority would receive less funding as a result of the proposal. Central Bedfordshire and the School Forum responded to that consultation.

23. On 17th July the DfE announced the final methodology which will be used to distribute funding to LAs in 2015/16, a total of £390M, (£40M more than previously indicated). The allocation for Central Bedfordshire is an additional £5.3M (£1.5M increase to that indicated in the consultation).
24. The allocations to LAs are based on minimum funding levels, however the DfE is not proposing that LAs should use these factors in their local formula in 2015/16. It will remain for the local authority to decide how to apply its formula to meet its local circumstances. There are no proposals to change the way in which LAs can allocate funding to schools, except some minor changes to the sparsity factor. The School Forum Technical sub group will be meeting to discuss the distribution for 2015/16.
25. The DfE is not planning to make significant changes to the high needs funding arrangements for 2015/16. There will be the same methodology of distribution as in 2014/15 and further confirmation will be announced in December 2014.
26. On 25th June 2014 the DfE published a consultation on Early Years Pupil Premium and Funding for 2 year olds. For 2015/16 the DfE has announced that there will be additional funding of £50m for early years, through a new early years pupil premium. Funding will be available to nurseries, schools and other providers of early education for disadvantaged three and four years old. The DfE is also proposing that the DSG funding for two year olds is to be based on participation instead of demographic information. The Early Years Reference Group will be meeting to discuss and make proposals on the distribution of funding for 2015/16.